

# THE WELFARE STATE

*menace  
or millennium?*

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THE THIRD IN A SERIES OF  
ANNUAL PUBLIC LECTURES ON PROBLEMS OF  
CURRENT INTEREST IN THE SOCIAL SCIENCES

# THE WELFARE STATE

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***menace or millennium?***

*Presented and published under the auspices of the*  
SOCIAL SCIENCE RESEARCH CENTER OF THE GRADUATE SCHOOL  
*University of Minnesota, 1950*

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## FOREWORD

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by F. STUART CHAPIN, CHAIRMAN, DEPARTMENT OF SOCIOLOGY, AND CHAIRMAN, EXECUTIVE COMMITTEE OF THE SOCIAL SCIENCE RESEARCH CENTER, UNIVERSITY OF MINNESOTA

THIS brochure offers the public an analysis of "The Welfare State" made by four competent specialists of the faculties of the University of Minnesota. It reproduces lectures given on April 12 and 19, 1950, which were open to the public and designed to offer semi-popular treatments of an important social issue that is before the American voters.

The purpose of these lectures is to acquaint the public with the reliable findings of modern social science research, stated in non-technical language. It is hoped that intelligent citizens may thus come to acquire a reliable frame of reference by which to interpret the perplexing social kaleidoscope of a succession of events otherwise isolated and subject to the ebb and flow of biased interpretations by different pressure groups of our contemporary society.

Earlier lectures in these popular series dealt with "People and Resources in the World Today" in 1948 and "Money Madness" in 1949. These lectures by specialists from the departments of economics, history, and sociology described the basic facts and trends and analyzed the complicated interrelationships of different economic systems. Back of the information presented to the public on these important social problems, there lies a considerable mass of systematic technical knowledge of a historical and statistical kind, as well as systematic theoretical analysis in orderly integration.

In contrast to the earlier lecture topics, our knowledge of the welfare state is somewhat experimental and speculative. But it is believed that systematic analysis in terms of disciplined study by a social worker, a political scientist, an economist, and a psychologist yields a comparative and integrative approach which enumerates and describes the implications and ramifications of

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the welfare state, both as a concept and as a partial accomplishment. In so far as this hoped-for objective has been achieved by these lectures, they acquaint the public with the results of an over-all picture built up from innumerable interlocking details, which may serve the purpose of a sound ideal-type to offset the natural and pressing partial interpretations of special interest groups.

Besides initiating and sponsoring these public lectures on acute social issues, the Social Science Research Center of the University of Minnesota endeavors to encourage and interrelate the research efforts of individual scholars in fifteen social science departments. This is really its basic task—one which we believe is in line with the social needs of the time.

## FOREWORD

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by WALTER W. HELLER, PROFESSOR OF ECONOMICS AND  
CHAIRMAN, THIRD ANNUAL PUBLIC LECTURE SERIES OF THE SOCIAL  
SCIENCE RESEARCH CENTER, UNIVERSITY OF MINNESOTA

IN SEEKING a problem of national significance on which the social science faculty at Minnesota could most effectively contribute to clearer public understanding, the Committee quickly found its subject for the 1950 Lecture Series in "The Welfare State." Both as a crucial issue of domestic politics and as one form of the Western world's answer to communism, the welfare state commands our attention. Here, the Committee felt, analysis and research by dispassionate social scientists could be of maximum service, first, in dispelling the fog with which emotion and polemics have clouded the issues, and second, in providing deeper insight into the values involved in the quest of democratic peoples for a greater measure of social welfare and security within a framework of individual freedom and creativeness.

At stake in this quest is not only a standard of living but a way of life. Success in this quest is the most effective long-run weapon against an aggressive communism. But to be successful, we must achieve the much sought gains in security and welfare without paying too high a price in curbs on our freedom and impairment of our economic incentives. Men's opinions will always differ on exactly how and where the balance should be struck. Our best chance of striking a workable balance by the democratic method is to inform ourselves as fully as possible, and thus to narrow the area of disagreement, on such questions as these:

What do we mean by the welfare state? In debating its merits, what extensions of governmental authority and activity are at issue (e.g., a broader old-age insurance program, federal aid to education, and health insurance)? What economic and social benefits are these programs designed to provide? What will they cost not only in dollars but in inroads on individual freedoms, incentives,

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and initiative? What impact would this enlargement of the scope of government have on our political institutions and alignments? Throughout, what values are served and what values are jeopardized as we move further along the road of the welfare state?

The social scientist cannot give precise answers to these questions. Nor can he be completely scientific in dealing with a subject which, in its very essence, bristles with value judgments. But he can clarify the concept of the welfare state, hold up to the light the issues it raises, and weigh its benefits against its costs. This, as the Committee sees it, is the basic objective of the Third Annual Public Lecture Series of the Social Science Research Center.

In selecting the speakers for this Series, the Committee was extremely fortunate in not having to resort to second choices. Each of the faculty members invited to speak on the basis of his special qualifications to deal with the problems of a welfare state—as a sociologist, a political scientist, an economist, and a psychologist, respectively—found it possible to participate.

To John C. Kidneigh, director of the School of Social Work, deeply interested in the development of concepts of social welfare and in the role of government in underwriting portions of it, fell the task of answering the question, "The Welfare State: What Is It?" Asher Christensen, professor of political science and consultant to the State Department, a close observer of political movements and institutions both here and abroad, agreed to address himself to the question, "The Welfare State: What Are Its Political Repercussions?" Dale Yoder, director of the Industrial Relations Center, directly concerned with the operation and costs of Social Security programs, especially as they affect the employer-employee relationship, accepted the assignment, "The Welfare State: What Are Its Costs?" John E. Anderson, director of the Institute of Child Welfare, long engaged in research on human motivation, was assigned the final question, "The Welfare State: What Does It Do To People?"

The Committee confidently believes that the readers of these papers, like the several hundred listeners who attended the lectures, will find them both penetrating and illuminating in their analysis of the most basic political issue of our time.



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# THE WELFARE STATE

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## ***What is it?***

by JOHN C. KIDNEIGH, PROFESSOR OF SOCIAL WORK AND  
DIRECTOR, SCHOOL OF SOCIAL WORK, UNIVERSITY OF MINNESOTA

IN A day when the term "welfare state" has come to unusual prominence in newspaper headlines, when the businessman tends to use the term as though it were synonymous with communism, when a social evening among friends results in a three- or four-sided argument with individuals squaring off against each other about the meaning of this term, when the social worker asks himself whether this hubbub is intended to discredit professional and lay concern about human needs and human deprivation, and when the laboring man and Mr. John Q. Public look about bewildered, it is high time that we get together to define our terms, particularly this term—*the welfare state*.

There is a very great problem in defining any term at the level of abstractness we find here. We have to define words with other words! In order to get a minimum of clarity we need concrete referents. But even with very concrete words or labels we have difficulty in transmitting from one mind to the other an exact meaning. For example, when I utter the word "table" there is transmitted to you relatively, but not exactly, the same meaning that I associate with that term. I might be thinking of a three-legged wooden table, while you might be receiving the meaning of a four-legged steel table. Different though the ideas may be that are subsumed under the term "table," they are nevertheless relatively the same idea. When we ascend the pyramid of abstractness one more step, however, and I utter the term "furniture," the transmission of meaning becomes less exact. You might be thinking of tables and chairs, when I intended to transmit the idea of beds and dressing bureaus. As we get further and further away from the concrete into terms of increasing abstractness, such as

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"welfare state," the transmission of meaning from mind to mind intended by the use of the term becomes less and less exact without a careful agreement about the constellation of ideas and meanings that are to be included.

A further problem emerges in this consideration: We have the habit of changing, from time to time, the label or word for the same, or relatively the same, set of concepts or ideas. For example, we sometimes use "happiness" and at other times "joy" to try to transmit about the same idea. What I am trying to suggest is that the term "welfare state" is a different label for a set of ideas that are not new. Conversely, we sometimes use the same word or label but change its meaning. It is my opinion that some people are trying to get us to include under the term "welfare state" a constellation of meaning which is different than those bundles of meanings heretofore included under either the term "welfare" or the term "state." This process, however, points out to us that we live in a changing world and that even meanings of words must be understood as referring to certain concepts at a certain time. Definition is never static, but we hope to keep words stable in meaning over a sufficiently long period so that communication of meaning from mind to mind becomes possible.

Before proceeding to a definition of the term "welfare state" it is necessary for us to recognize another factor, a characteristic of society. This is the process of social change. Professor F. Stuart Chapin has summarized for us most clearly the features of this process. He suggests three phases that are more or less distinguishable in the life history of social institutions and organizations. He describes phase number one as being characterized by stability, adherence to well-known and well-accepted rules, provisions for enforcing the established ways of doing things, and an identification of the established mores and folkways of the community with emotional, religious, and political sanctions. As changes occur, such as those ushered in by technological inventions, this rigid and well-established system becomes increasingly less adequate for meeting the social problems that arise; hence, phase number two is ushered in. This phase is characterized by experimentation, breaking away from certain established procedures, proliferation and multiplication of organizations and

methods which are attempts to cope with the new conditions, and breaking up the rigidities of law and custom that seem inadequate for the times. This phase is often referred to as the time of social progress, when new ideas, new inventions, new techniques, new ways of meeting problems in an increasingly complex society are looked upon as the most important contribution any individual can make.

In time this increasing complexity and multiplicity of agencies, organizations, and associations becomes unwieldy. It is recognized as less efficient than it could be, and then phase number three begins. This phase is characterized by attempts at integration, merger, consolidation, coordination, rationality, "efficiency and economy," and other measures which attempt to make things orderly and integrated. This means a new set of mores and folkways, a new orderly, rational approach, and the further it goes the more and more it assumes the characteristics of phase number one—but on a different plane, of course, than the previous phase one.

Unusual conflicts arise at the points where these phases overlap. A leader who was appropriate for phase one stands in the way of the experimentation and change demanded by phase two. He wants to keep the *status quo*. A leader appropriate for phase two delays and thwarts integrative efforts appropriate to phase three. He does not want consolidation, cooperation, simpler or more comprehensive organizational patterns. He wants to keep on experimenting, proliferating, multiplying organizations and agencies. A leader appropriate for phase three may not be appropriate for phase one as it comes around again. He wants to keep on centralizing, integrating, consolidating. One of the important problems before us, then, is not only an agreement upon definition but a historical and longitudinal understanding of social change so that our definition is appropriate to our time.

Whenever we have come to an agreement about the definition of a word, we usually describe this meaning as best we can and deposit it in the repository of definitions, the dictionary, so that we will all have a common reference to the agreement reached. It seems appropriate, therefore, for me to read to you the dictionary definitions of these two words which make up the term

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"welfare state." I referred to several different dictionaries and found their definitions for these words essentially identical. I choose to quote from the Winston Simplified Dictionary, College Edition, published by the John C. Winston Co., a standard work compiled by many scholars. Here are the definitions it gives:

WELFARE. 1. The state or condition of having good health, happiness, or prosperity. 2. State or condition in general.

STATE. 1. The condition in which a person or thing is; situation. 2. Political or social standing; rank; style of living. 3. Ceremonious style or formal dignity. 4. A body of people united under one government; a commonwealth; body politic. 5. The civil powers of such a commonwealth or community. 6. The territory of a commonwealth. 7. One of several such communities or bodies politic, united under a central national government. 8. A political class or order.

When we put these two words together it seems logical to assume that the concatenation must mean "a body of people united under one government whose condition is that of having good health, happiness, or prosperity." And this definition is in harmony with a dynamic concept of society because we have had varying views as to what constitutes "good health, happiness, or prosperity" from time to time throughout our history. I am certain that what we conceive as good health, happiness, or prosperity today will probably be looked upon as inadequate when we get to our tomorrow, in quite as vivid a sense as the level of good health, happiness, or prosperity accepted as adequate for the Middle Ages is now looked upon as intolerable deprivation.

Here we must pause to remind ourselves that social, humanistic, and other measures designed to give good health, happiness, or prosperity for all the people united under our one government have lagged behind our technological, industrial, and material advances. This phenomenon the sociologists have called "social lag." It is a process that keeps us continuously occupied with social problems and continuously concerned with the kind of issues associated with the process of getting good health, happiness, or prosperity for all the people. What seems to me a bit inconsistent is that some individuals greet with enthusiasm the inventions and measures that assure technological advance, but resist and condemn as dangerous the social inventions and social

measures designed to keep the social lag from becoming an intolerable gap.

With this semantic approach to an understanding of the meaning of the term "welfare state," we are now ready to turn to an operational definition of it—that is, as it moves and operates, how does it express itself?

There is no doubt that the United States of America is and has been from its inception a welfare state. No one will deny that our government has had as its purpose the "good health, happiness, or prosperity" of its people. The Preamble to the Constitution includes as one of the reasons for establishing the United States Government: "We, the people of the United States, in order to provide a more perfect union, promote the general welfare . . . do ordain and establish this Constitution . . ."

Earlier than this, the Declaration of Independence stressed human rights by indicating that all men have these inalienable rights—the right to life, liberty, and the pursuit of happiness. Some wanted the phrase "pursuit of happiness" to be "right to property," but it was decided to use the broader term "pursuit of happiness," which undoubtedly includes property, among other things, but which emphasizes the human values. It puts emphasis on the process, too, since the phrase says *pursuit* of happiness. This implies that all men have a right to expect change in the implementation of happiness. But, let it be emphasized, men have a right to live, which, of course, includes the right to work, to produce as well as consume—not because they are worthy or unworthy, rich or poor, but because they are men. They have a right to liberty—not because they are obedient and trustworthy, foolish or wise, Negro or white, Christian or non-Christian, but because they are men. It must be remembered that we fought among ourselves only once and that that tragedy was, among other things, over the human right of men to be free and not slave. We corroborated our original and fundamental principle that men have the right to life, liberty, and the pursuit of happiness.

So throughout our history we have been a welfare state, adding item by item, feature after feature, program after program, kinds of measures which would implement our fundamental pur-

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pose. At first these measures were fragmentary, experimental, inadequate. Then it began to be realized that the one comprehensive instrument available to the people equal to the comprehensive purposes of a democratic welfare state was their own government. Thence the concept that government is only a referee and a regulator was replaced with the modern concept that government is a tool of the whole people to be used for service as well as regulation.

The term "welfare state" can therefore be applied to the United States of America, a body of people united under this federal-state system of government and expressing its life, liberty, and pursuit of happiness by these kinds of provisions:

1. Public education
2. Public child welfare services
3. Public postal services
4. Public fire protection and police protection
5. Public water supply
6. Public care of the mentally ill
7. Public health services
8. Public housing
9. Public services to find, prevent, adjudicate, and treat problems of delinquency—juvenile and adult
10. Public programs of mental health
11. Public assistance or economic aid to the needy
12. Public social insurances protecting against (or spreading the risk of):
  - (a) Old-age economic insecurity
  - (b) Premature loss of the breadwinner
  - (c) Unemployment
  - (d) Industrial accident
  - (e) Loss of income due to sickness or disability
  - (f) Medical and hospital care costs

There are certain assumptions implicit in our American way of developing our kind of a welfare state, some of which are:

1. Wealth must be created before it can be divided.
2. Government can be trusted.
3. Human beings (with the exception of an insignificant sick and aberrant minority) want to be independent and self-sufficient. They don't want to be dependent or "chiselers."



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4. Everyone has a right to survive on terms satisfying to himself and society.
5. Everyone should have an equal opportunity.
6. There must be a widespread deep conviction of the worth of each individual.
7. Every human being has inalienable rights, among which are the rights to life, liberty, and the pursuit of happiness.

We have come a long way. We are proud of our present state of prosperity, productivity, and accomplishment. But we are not fully satisfied, nor should we ever be. We are in a process, never-ending, moving onward to new goals as we sight them.

Having been reminded of the features and characteristics of the welfare state as we now have it, some might be tempted to say, "Well, we have gone far enough—there is nothing more we can or should do." Let those persons ponder some of the following facts:

*Population.* In 1910, 35 per cent of the 92 million persons in the United States lived on farms (32 million on farms, 60 million nonfarm and urban); in 1949, only 20 per cent of 148 million lived on farms (27.7 million on farms, 120 million nonfarm and urban). We are no longer predominantly a farm population; we are predominantly a nonfarm and urban population—and that means that we are wage earners. When the pay check stops, survival becomes an immediate and extremely difficult problem.

In 1940, 8 per cent or more of our population was 65 years of age or older; in 1870, only 1.5 per cent of our population was 65 or older. In 1940, 28 per cent plus of our population was 45 years of age or older; in 1870, only 12.5 per cent of our population was 45 years or older. We are an older population. Add to this the fact that we are a wage-earning older population and it is apparent that there are many problems for us yet to face.

*Income.* In 1945 half of the nation's families still received \$2261 per year or less.

The net spendable average weekly wage for a worker with three dependents in 1947 was \$47.65 in current dollars, which equaled only \$29.75 in terms of the prewar (1939) spending dollar.

Estimated cost of the city worker's budget in seven large cities

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in 1947 ranged from \$3458 in Washington, D.C., to \$3004 in New Orleans. In Minneapolis it was \$3282.

In 1949 the average weekly earnings in manufacturing in Minnesota were \$56.21 per week for an average of 40.9 hours per week, totaling about \$2800 per year. The cost of living index in Minneapolis in September 1949 stood at 168.3.

In the aid to dependent children program in Hennepin County during October 1949 over half of all the cases accepted were accepted because of illness or disablement of the wage earner. The average payment per A.D.C. family containing at least one adult and an average of 2.55 children was \$89.49, or \$35.06 per child.

In October 1949, 55,600 old-age assistance recipients received an average of only \$48.67 per recipient. Recipients of aid to the blind received an average payment of \$55.83 for the month, while at the same time 2784 families with 11,825 persons (or an average of 4.25 persons per family) received an average payment from general relief of only \$14.53 per person for the month!

*Housing.* More than one fifth (22 per cent) of all American homes still have no running water. Eleven per cent still lack electricity.

At a relatively crowded standard of 1.5 persons per room, there are 2,400,000 dwelling units overcrowded above that standard.

The median asking price for homes sold during April 1947 was \$9300; nearly one fifth were sold at \$15,000 or above.

Almost 40 per cent of tenant-occupied dwelling units had three or less rooms.

*Health.* Twenty-five million persons have disabling and non-disabling chronic ailments. The incidence is highest among the low income groups.

The incidence, prevalence, and severity of illnesses are closely related to family income.

Poor persons receive less medical care—particularly in rural areas and small towns.

More than half the pediatricians are in cities of 100,000 and over, while more than half the children are in cities, towns, and open country communities under 100,000 population.

*Education.* In the United States 85 per cent (86,563) of the school districts have schools of one room. In Minnesota 63 per

cent (4853 out of 7657) of the school districts have schools with one teacher.

One out of every eight or nine teachers in the United States holds substandard educational credits for the job.

Teachers' salaries have increased, but for half of them the increase has been less than the increase in the cost of living.

Expenditures for education are only 1.87 per cent of the national income. In Minnesota the figure is 2.54 per cent.

The range of expenditure per pupil per year runs from \$46.32 in Mississippi to \$211.82 in New Jersey in public schools (1945-46). In Minnesota this figure is \$125.41 per pupil per year, which is below California, Connecticut, Illinois, Massachusetts, New Jersey, Utah, New York, and Washington.

It is estimated that \$6.6 billion is now needed for new and improved school buildings, and to this must be added about \$4 billion more when the population forecast is taken into consideration—that is, the “baby bulge” of the 1940s.

These facts are a sample of many more that might be given to indicate that we have many problems yet to face before we achieve the minimum in human rights. The words of Abraham Lincoln uttered during the Civil War still apply: “It is a struggle for maintaining in the world that form and substance of government whose leading object is to elevate the condition of men—to lift artificial weights from all shoulders; to clear the paths of laudable pursuit for all; to afford all an unfettered start, and a fair chance in the race of life.”

Looking back over our history it is interesting to review the arguments that raged at any given time when a new program or a new implementation of our welfare state was being proposed or installed. There are striking similarities in the arguments raised by opponents to progressive implementation of welfare state features. The hue and cry raised against some of the most recent proposals or programs seems to have been copied from the hue and cry of a century ago. Today if anyone were to suggest the abolition of some one or another of our well-established and widely accepted welfare state programs, such as workmen's compensation systems or public education, he would be looked upon as a queer person. Who among us today would advocate the abolition

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of workmen's compensation? Or public education? Or old-age and survivors' insurance?

But here are some of the arguments that were raised against workmen's compensation during that rather long period when we were installing it state by state throughout the country:

1. "It does not result in a proper differentiation of insurance rates in proportion to the hazards."
2. "Between the tendency on the one hand to favor employers with low initial rates and on the other to favor workmen with liberal awards, all politically managed insurance is peculiarly apt to result in deficiencies and to impose the burden on taxpayers generally."
3. "Employers are likely to throw out an injured workman if insured—otherwise, they would keep him at a lighter task."
4. "Administration with political officials will be bad—there will be malingering, etc."
5. "It would be a monopoly and monopoly leads to laxity, inefficiency, indifference to minor dissatisfactions, etc."
6. "It will place employers at the mercy of a few officials with taxing power."

These and similar arguments seem pretty silly today as applied to workmen's compensation. But there was great feeling then, as may be sensed by this quote from an address of P. Tecumseh Sherman delivered in October 1911 and titled "Invasion of the Insurance Field by the State": "My conclusion, then, is that in experimenting with State managed insurance we are playing with fire; that the course of such insurance is uncharted and runs perilously close between the Scylla of socialism and the Charybdis of organized graft."

There is now wide acceptance of social insurance as represented by workmen's compensation and old-age and survivors' insurance. Does not Mr. Sherman's statement of 1911 sound very much like the statement George B. Chandler, president of the Ohio Chamber of Commerce, made in hearings before the United States Senate Committee on Finance in 1935: "Ohio business protests against the coercion of the States by the Federal Government as represented by the assessment on payrolls and in other ways. We deem this procedure repugnant to American institutions, destructive

of the historical relationships between State and Nation, and calculated in the end to do permanent harm and little immediate good."

Everybody knows that the procedure is not so repugnant now, that relationships between the state and the nation have not been destroyed; we seem unable to see the permanent harm he referred to, but both immediate and significant good can be easily demonstrated.

Or have you read the testimony of Mr. Frank Peckham representing the "Sentinels of the Republic" in hearings before the same senate committee the same year, in which he said, in part, testifying against social security legislation, "Congress has no power to legislate on these subjects. It can only, in fact, appropriate money for purposes for which it has no constitutional sanction to act at all. In so doing it will further weaken the sense of responsibility of the people, make confirmed beggars of our States and cities, and stimulate an unhealthy growth of doctrinaire schemes in place of the wholesome measures which an aroused public conscience will enact when the need becomes evident. We are strongly opposed to proposed amendments to the Constitution which would give Congress power to regulate hours and conditions of labor and to legislation proposing to limit hours and conditions of labor, which latter is without a vestige of constitutional support."

But the most interesting parallel is to be found in the process of installing public education as a feature of our welfare state. I refer you to the standard book in this field, first published in 1919. It was written by Ellwood Cubberly and titled *Public Education in the United States*. Here are some of the stages it reports in the establishment of public schools in the United States; observe the similarity between this process and the process of installing some of the other features of our welfare state:

1. An attempt to solve the problem through private benevolence or church charity, often aided by small grants of public funds.
2. Public aid granted to private or semiprivate schools or school societies, in the form of small money grants, license taxes, permission to organize lotteries, or land endowments, to enable such

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schools or societies to extend their instruction or to reduce their tuition rates, or both.

3. Permission granted generally, or to special districts requesting it, to form a tax district and organize a public school—at first often only for pauper children, but later for others.
4. Laws requiring the education of indigent children.
5. Laws requiring a certain local effort for the maintenance of schools, in return for state aid received, with permission to supplement these sums with tuition fees.
6. Elimination of the tuition fees, thus establishing free public schools.
7. Compulsory attendance laws.

Here are the arguments that opponents of public tax-supported schools gave back in the mid-1800s when the question of whether we should go this step further toward a welfare state was being debated:

1. The proposal is impractical, visionary, and “too advanced” legislation.
2. Public schools will make education too common, and will educate people out of their proper position in society.
3. Education would not benefit the masses, who are already as well off as they deserve.
4. Education would tend to break down long-established and very desirable social barriers.
5. Education would injure private and parochial schools, in which much money has been put and “vested rights” established.
6. The churches fear that state schools might injure their church progress and welfare.
7. The non-English-speaking classes fear that the public school might supplant instruction in their language.
8. The “conscientious objector” claims the state has no right to interfere between a parent and his child in the matter of education.
9. Those having no children to be educated should not be taxed for schools.
10. Taking a man’s property to educate his neighbor’s child is no more defensible than taking a man’s plow to plow his neighbor’s field.
11. The state may be justified in taxing to defend the liberties of the people, but not to support their benevolences.

12. The industrious should not be taxed to educate the indolent.
13. Taxes would be so increased that no state could long meet such a lavish drain on its resources.
14. There was priestcraft in the scheme, the purpose being first to establish a state school and then a state church.

During this period of debate the general public opinion appears to have classified most persons into two groups: (1) those for the public schools, and (2) those lukewarm or opposed to the public schools. In general, those in the group who favored public schools were thought to be those:

1. Who considered themselves citizens of the republic as contrasted with those who considered themselves citizens of their particular state.
2. Who were philanthropists and humanitarians.
3. Who were public men of large vision.
4. Who were residents of the city as contrasted with those on farms.
5. Who were intelligent workingmen in the cities.
6. Who were nontaxpayers.
7. Who were Calvinists.
8. Who were "New England men."

Whereas those in the group opposing public schools were considered to be:

1. Those who belong to the old aristocratic class.
2. The conservatives of society.
3. The politicians of small vision.
4. The residents of rural districts.
5. The ignorant, narrow-minded, and penurious.
6. The taxpayers.
7. The Lutherans, Reformed Church, Mennonites, and Quakers.
8. The southern men.
9. The proprietors of private schools.
10. The non-English-speaking classes.

Of course, not all these groups actually did oppose public education, but it was thought they would or did.

And so we move onward in this social process, developing, revising, weighing issues, and adopting programs toward the implementation of our welfare state, perfectly conscious that there is

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no absolute goal to be achieved, but rather a continuous process of goal-setting and goal-seeking. We are all aware of the fact that there is no Utopia. We know that these measures are a more just and noble expression of our respect for the dignity and integrity of human personality.

We are perfectly clear that we would not abolish or dismantle the programs of public education, public child welfare services, public police protection, public social insurance, Youth Conservation Authorities, state hospitals, unemployment insurance, and so on, in order to encourage individual initiative, self-reliance, and creativeness. We know that individual initiative and incentive to produce are not fostered by deprivation. We know that it was not an economic incentive that produced *Thanatopsis*, Brahms' "Lullaby," the discovery that a mosquito carries malaria, the specific for Rocky Mountain fever, or the discoveries leading to the atom bomb. We know that every person must do his part, that by and large people are not seeking a free ride, but that without a continuous implementation of our welfare state the phrase "life, liberty, and the pursuit of happiness" is empty and meaningless.

I close with a quotation from the presidential address of Katherine Lenroot delivered at the National Conference of Social Work in 1935: "The great task of the twentieth century is the reconciliation of individual freedom and social security. . . . Western civilization is now bewildered by the breakdown of the unconscious mechanisms and controls of capitalism, challenged by the idea of human security without which human liberty is but an empty phrase. Some believe that we shall be forced to choose between a system of private profit without social security, and state dictatorship, fascist or communist, without individual freedom. Others dare to hope for a developing economic order that will afford security without sacrificing essential aspects of freedom."



# THE WELFARE STATE

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## *What are its political repercussions?*

by ASHER N. CHRISTENSEN, PROFESSOR OF POLITICAL  
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A DISCUSSION of the political effects or repercussions of the welfare state involves, at the outset, some clarification or more precise definition of two terms: "welfare state" and "political repercussions."

I am well aware that definitions of the "welfare state"—good, indifferent, or mostly bad—are legion. They range all the way from political "glittering generalities"—such as that the welfare state is socialism, communism, contrary to the American constitution or the American way of life and so something you should shun or abhor, *or* that the welfare state is the full expression or fruition of the democratic way of life and so something all right-thinking Americans should champion and embrace—to carefully thought-out and extremely long definitions and analyses based on the patient consideration of historical, social, economic, and political factors in American life.

Neither my time nor the subject assigned to me permits me to discuss these various definitions. Briefly, I view the welfare state as a program or policy in which the state (in its abstract meaning and not "state" as an American unit of government) openly and *as a normal and not an exceptional policy* takes the responsibility for attempting to afford and secure a *minimal* economic security for the mass of the people. More specifically, one will find in any state that has adopted a "welfare state" point of view such governmental programs as social insurances and assistances, housing, conservation, health, education, and aid to agriculture *and* business enterprise.

I want to underscore and emphasize the word "minimal" in my definition. Hosts of public speakers today, whose comfortable

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economic security seems not to have dulled their ambition, inhibited their zeal and energy, or degraded their morale, are mostly assailing a program which few, if any, advocate for the United States. Like Don Quixote they see fully caparisoned armies where only windmills exist. During some years of study in the field of social legislation, I have read and carefully noted party platforms, statements by leaders of both parties, statements of House and Senate policy committees, reports of congressional committees (including those of the 80th Congress), literally thousands of pages of testimony before such committees at which representatives of the National Association of Manufacturers and the Congress of Industrial Organization—and all groups between—have testified at great length, and the reports of the Federal Security Agency and most of the state welfare agencies. In all this reading I find no responsible political leaders in either of the major parties and few in the minor, with the exception of certain “ideological” parties, who advocate the type of “welfare state” that most contemporary forensic artists are now assailing. These shock troops seem to be attacking the idea of state assurance of full, complete, and *maximal* economic security. As noted, few in America advocate this; however, the bitter attacks may give irresponsible political leaders some ideas.

My contribution to this symposium is a consideration of the “political repercussions” of this minimal kind of “welfare state” or state welfare program, and I shall attempt to discuss these repercussions under four topical questions: I. To what extent is such a program consistent with the basic principles of the American constitutional system? II. What is the effect of the obviously expanding welfare activities of government in the United States on our federal system of government? Is a welfare state program consistent with the division of powers and authority of American federalism? Will it speed or retard the process of centralization? III. Will any change noted under the second topic affect the relationship of the federal government to the citizens of this country? IV. Are there any discernible effects of a “welfare state” upon the operation of the American party and pressure politics system—effects that are supported by evidence and not by optimistic or pessimistic wishful thinking?

## WHAT ARE ITS POLITICAL REPERCUSSIONS?

*Topic I.* To what extent is such a program consistent with the basic principles of the American constitutional system?

As you all know, the welfare state is usually attacked as being some kind of foreign importation and, as such, contrary to the words or, if not the words, the "spirit" of the American Constitution. One would surmise at this period of American public discussion that the architects of the welfare state were (and are) *not* welfare agencies, social planners, or the Federal Security Agency, but rather the bogeymen Senator McCarthy sees in the Department of State. (By the way, there is more relevance here than first meets the eye. I believe the American people are substantially agreed that an effective way to stop the advance of communism in Europe and to maintain and strengthen democratic institutions and democratic mores is to afford the mass of Western Europeans a *minimum* of economic opportunity and security. A former secretary of state has a plan named after him which has this basic objective. I sincerely hope that Secretary Acheson does not further his own insecurity by noting in some future address or policy statement that the same policy might have equal application and value in the United States!)

I include a reference to the constitutional aspects of a "welfare state" because of my conviction that both its opponents and its proponents are "fuzzy" on this point. You have all heard or read that the "welfare state" was not envisaged by the "Framers of the Constitution," that its form and content are contrary to the basic principles of our fundamental charter. On the other hand, President Truman in a press conference and Senator Paul Douglas in a published article (I suspect both might be classified as "welfare-staters" by a few at least) have maintained that the "welfare state" is based either on words of the Preamble to the Constitution or on the power of Congress to "promote the general welfare." In my view, both sides are wrong. The facts, as I see them, are these:

First, it is true that the Constitution does not mention public welfare as a proper domain of federal activity. But neither does it mention, or even use, the words "agriculture," "labor," or "business." It may be a pleasant intellectual exercise to surmise what the "Framers" had in mind, but it adds little or nothing to the

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solution of current political problems. Everyone knows that the Constitution was written when the United States was a small, weak, sparsely populated, and agrarian nation. Those problems that were basic and fundamental in 1789 have, in many instances, disappeared; the problems of 1950 were mostly unheard of or undreamed of in 1789. To answer any questions about constitutionality we must look, not to the written words of the Constitution or to the political ideas of the "Framers," but to the interpretations, customs, and usages of the Constitution.

Second, the Preamble is not a part of the Constitution in its interpretation and application. Hence, the argument that the Preamble mentions general welfare is not and cannot be used to support a welfare state.

Third, as Professor Thomas Reed Powell pointed out in a letter to the *New York Times*, Senator Douglas and those who share his view are wrong in assuming that Congress has any delegated power to "promote the general welfare." No such power is conferred upon the Congress; if it were, all debate on the constitutionality of welfare state legislation would be ended by such delegation. Rather, it is upon the power to "lay and collect taxes . . . to pay the debts and provide for the common defense and general welfare of the United States" that the welfare state legislation of the federal government has been, is being, and will be constitutionally based.

From the very beginning of our constitutional system there has been controversy over the meaning of this clause. Opinions on the subject reflect the many approaches to the problem of the proper sphere of governmental functions. Three more or less distinct views have been advanced as to the exact meaning of this important clause of the Constitution.

The first is an extreme view. It holds that the words "general welfare" in this clause grant to the Congress a separate substantive power. In my view, neither the constitutional history of the United States in the years just preceding 1787, nor the wording of the rest of Article I, Section 8, nor logic support this view, and the Supreme Court has never accepted it.

The second position has come to be identified with James Madison, partly because of the position he took on the floor of the

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convention at Philadelphia and partly because of his exposition of the subject in the *Federalist Papers*. In brief, his view of this clause was that the words "general welfare" were a *qualification* upon the taxing power, that they should be construed as ancillary to the other specifically granted powers. In other words, federal taxation may be imposed *only* for the collection of money to be expended for the execution of the explicit powers of Congress, listed in Article I, Section 8.

The third view is the interpretation placed upon the clause by Alexander Hamilton, later adopted by Justice Story, and explicitly adopted by the United States Supreme Court in *United States v. Bulter* (1936). It has been adhered to by that court until now. Favoring a strong central government, the Federalists (and Hamilton, of course) considered Congress as having authority to tax and to *spend* for anything that fell in the category of the general welfare, and they insisted that the only limitation upon this authority was that it must serve a public purpose. Hamilton's views were clearly stated in his widely known *Report on Manufactures*.

(Constitutional and political historians are no doubt amused over the fact that the spokesmen of the contemporary political party which claims Alexander Hamilton among its many distinguished ancestors are so unfamiliar with the constitutional views of that pre-eminent statesman. These views of Hamilton were the legal bases of much of the so-called "New Deal" legislation—and, if you will, of the legislative programs of the contemporary "welfare state.")

One might raise this question: Why is it that we have had so few cases explaining and interpreting the words now under discussion, so few expositions of the nature of the power of Congress to tax and to *spend*? The answer is found in what the state of Massachusetts and one Mrs. Frothingham learned when the Supreme Court heard the action in which these two plaintiffs sought to restrain the Secretary of the Treasury from disbursing funds under the Maternity Act of 1921. (This act, dating from the period of Harding "normalcy," is today a permanent part of the social security program—or "welfare state" program.) Both suits were dismissed, for the reason that neither plaintiff had any

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standing to raise the issue. Not Mrs. Frothingham—the only interest she could claim was the infinitesimal portion of the taxes she paid that went out as maternity benefits. The state of Massachusetts was in no better position. If it did not wish its freedom of action to be limited by federal conditions, all it had to do was to decline the grant-in-aid and remain free. To its claim that it spoke for the totality of the interests of millions of its citizens the answer was, “It cannot be conceded that a state, as *parens patriae*, may institute judicial proceedings to protect citizens of the United States from the operation of the statutes thereof.”

We can conclude this examination of my first point, the constitutional aspects of the welfare state, with this observation. Constitutional interpretation, mainly by the Supreme Court but also through statute, executive action, custom, and usage, clearly indicates that the program of a welfare state (namely, a governmental program designed to assure, in so far as it is economically possible and practicable, a minimal economic security) is fully constitutional as far as federal action is concerned. To be specific, should Congress now wish to supplement the present social security program with a comprehensive health insurance plan, there is no doubt that it can constitutionally do so.

I might add that one can more clearly see what is meant by “the constitutional revolution of our time” when one recalls that fifteen years ago I would have been constrained to say that there was great doubt that Congress could enact into law a program of old-age insurance, health insurance, or any other social legislation, examples of which we have had and administered for the last fourteen years.

I have not mentioned the powers of the states in this same field. One reason for this failure to comment on them will, I hope, be illustrated in the next topic of this discussion. The other is that the Supreme Court decisions of the past twenty-five years or more also clearly indicate that the state, under its police power, may constitutionally embark upon all the programs we hear cussed and discussed as parts of a welfare state policy. I can think of no case, now to be classified as a ruling case, that would stop state health insurance, state housing, a state minimum wage law, state public assistance, and so on.

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*Topic II.* What are the political repercussions of the welfare state upon the American federal system?

The most profound and far-reaching effect of a welfare state program will be seen in its impact upon the American federal system—that is to say, its effect on the division of powers and authority between the central and the state governments. It will continue and accelerate the trend, under way since 1789, of centralization. The proof of this statement is now visible in the operation of those parts of a welfare state program already under way.

My reasons for this opinion may be stated in a series of brief propositions. They are based upon what has happened in the last twenty years with the emergency programs of the 1930s, the Social Security Act of 1935, the housing legislation of 1937, and several other parts of the present welfare program.

1. If a welfare state implies an attempt to assure a minimal economic security, that minimum cannot vary too widely in the various sections of the country. Discrepancies based upon other than actual living costs will not be long tolerated by a politically adult people who are energetic, vocal, and well schooled in the arts of politics. An old-age assistance grant of fifteen dollars a month in Mississippi and sixty dollars a month in Utah will become increasingly untenable politically.

2. In many cases, as the Calhoun report of 1946 so fully and so well illustrated, the failure of state and local units to maintain adequate minimum standards is due, not to any lack of desire on their part, but to lack of financial resources.

3. If this is so, pressures will be exerted upon the federal government to use its vastly greater financial resources in order to aid the more needy states in raising their standards to the desired minimum. But the equality of the states in the Senate will probably have the effect of increasing the federal grants not only to the more needy states but to all of them, although there may be some attempt at equalization (that is, a formula for making grants which will allocate more federal funds to the more needy states). This is exactly what has happened with reference to old-age assistance and aid to dependent children, and present bills in Congress indicate a continuation of the trend.

4. The federal government can enter the picture by following

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any one of several alternative programs: (a) it can federalize the program completely; (b) it can use "tax-offset" in case the lack of uniformity is due to any state's *not wishing to act* (rather than *not being able to act* because of financial limitations); or (c) it can make a wider use of the device of federal grants-in-aid.

The evidence up to now indicates the use of either the first or the third alternative, and probably both. A good case can be made for the first, given the national character and effect of our contemporary social problems, the apparent need for greater uniformity than is possible through the action of semiautonomous states, the mobility of the American people, and the necessity for avoiding the high overhead administrative costs that are entailed by forty-eight systems instead of one.

On the other hand, the strong states' rights sentiment that has always existed in the United States, the need and even the desire in Washington for administrative decentralization, and the fact that welfare programs run into local and intimate factors such as local mores and local living standards may cause the adoption of the third alternative.

Either of the alternatives will increase the functions and authority of the federal government. The first obviously will, by definition. The third will also, because the evidence of the past decade and a half indicates that in making grants to the states the federal government will exact more and more conditions from the states as prerequisites to their use. There will be an increase in what I will call both the *substantive* and the *procedural* conditions. As all of you know, Minnesota, in order to get federal funds for old-age assistance, must not only promise to have a state O.A.A. program that meets many and fairly rigorous federal standards *substantively*, but it must also administer that program through an administrative agency that meets federal standards and with personnel that is selected, *even at the local level*, in accordance with federal personnel specifications.

To conclude this second topic, it is clear that a welfare state in the United States will increase the tempo of centralization. Many will cry out that this will mean the loss of the fundamental rights and legitimate functions of the states. Others will hasten to reassure them that centralization is a characteristic of all federal



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systems, and that national problems require national policies, or at least state policies that are not too dissimilar.

Turning more specifically to those parts of a state welfare program now in effect, the evidence indicates to me that a greater federal authority has resulted in higher standards, both substantively and administratively. One needs only to compare the *state* old-age pension standards and administration of 1934 with the *federal-state* old-age assistance programs of 1950. I feel reasonably sure that anyone who is well informed on state-local government and administration will assert that the level of administration is higher, that the taxpayer is getting more for his precious tax dollars, since the federal government entered the field. Many other similar examples could be cited.

We will be told, as we have been, that greater federal control means bureaucracy, federal meddling in matters of local concern, and the removal of government from the "grass roots" where it rightfully belongs. Why is it "bureaucracy" when administered from Washington and good old-fashioned American democracy when administered at home? As Mr. Justice Cardozo pointed out in the Steward Machine Company case, the initiative of the state (Alabama) was not restricted but enlarged when *federal action* (the unemployment compensation sections of the Social Security Act) removed the impediment to state action that existed in interstate tax competition.

Finally, as to the argument that the government at Washington is far away and hence irresponsible while the state government, and even more so the local, is close to us and hence can be watched more closely and held more accountable, as any democratic government must be, I can only ask you certain questions—questions which I have often asked my students. The results of their use with students in political science fail to indicate the nearness of the local government or the remoteness of Washington.

Which elections bring out the largest numbers of voters—a presidential election, a state election in an "off year," a local election (such as for a charter amendment in St. Paul or Minneapolis), or a county election? You all know the answer; election statistics indicate fairly consistently that we do more "grass-

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roots" voting at national elections, less at state, even less at municipal, and much less at local rural levels.

Or how many of you can name the senators from your state, the representative in Congress from your district, the senators and representatives from your state legislative districts, the aldermen from your ward, the county commissioner from your county commissioner district? (Dare I ask how many can name or number their legislative district, their city ward, or their county commissioner district?) If the political appeal of the "grass-roots" argument is valid, all of you will score a higher count on the latter officers than on the former. Although in my opinion the welfare state leads to greater centralization, centralization does not necessarily mean less democratic control.

Finally, it should be noted here that the growth of federal power through grants-in-aid, with increasingly numerous substantive and administrative conditions, has always passed the test of constitutionality when cases have come before the Supreme Court.

*Topic III.* I shall merely note one point under this third topic, which concerns the changing relationship between the federal government and the citizens of this nation as a result of a welfare state program.

Not only is a welfare state program changing the original balance that existed between the central government and the states, but it also will probably introduce a new relationship between the federal or central government and the citizens of this country. We are, as yet, only in the early years of federal welfare programs and policies, so little can be said about this transformation and its effects. It must be mentioned, however.

For the first century and a half of its existence, the federal government had little direct contact with the citizens of the United States other than through such direct service and impersonal functions as the maintenance of the postal system. With the advent of a wider welfare program, however, the federal government is thrown into an intimate relationship with millions of its citizens—a relationship that is deep, personal, and vital. Those of you who recall the emergency relief measures of the thirties will also recall that millions of persons had their only claim to

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economic security, marginal though it was, through such agencies as F.E.R.A. and W.P.A. The agricultural programs of the past fifteen years have added the farmers to this group of people whose economic security is partially dependent upon federal programs and their administration. (I of course include such programs as parity prices and farm product price support as parts of a welfare state, for they are parts of a program designed to afford a minimal economic security. As Professor Kidneigh has pointed out, he who attacks the welfare state must not only oppose social insurances, public assistance, and so on, but must also reject agricultural price supports, aids to business enterprise, and the like.)

The more direct welfare state programs have already added new millions to the list of persons whose economic stake is largely bound up in federal policy and administration. Just to give one illustration: As of December 31, 1947, the Federal Security Agency was paying out old-age and survivors' insurance benefits to 1,978,245 persons. Almost two million people were involved directly in a huge program of old-age security which is a federal program, and this program is only fifteen years old. (Incidentally, the system seems to be working and people are getting their benefits. Contrary to what we were told in the presidential campaigns of 1936 and 1940, Congress has not squandered the money and the system has not broken down administratively.) If other programs are introduced at the federal level, as they probably will be, or if existing state programs are federalized, which may happen, other millions will be added to the list.

*Topic IV.* What are the effects of the welfare state upon the operation of the American system of political parties and pressure politics?

In discussing this last topic, I will limit myself to a series of brief statements in the form of a number of propositions.

1. The evidence indicates that the political pressures in the United States are such that *both* of our major parties will be pushed to the advocacy or championing of an extension of the welfare state. I base this conclusion on the following data and convictions.

I believe that the demand of the American people for a fuller welfare or "welfare state" program is a justifiable one, justifiable

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in the sense that economic insecurity is a basic problem for millions. I am not saying that government *can* alleviate it necessarily, or that it can afford to (this point is discussed by Mr. Yoder). But the demand for governmental intervention is here, and probably will continue to grow. It is not an irresponsible public clamor, for bread and circuses, led by designing politicians. Insecurity looms large in the lives and minds of millions, and past experience indicates that the insecure will use political techniques in an attempt to solve their problems.

You all know the data on incomes, unemployment and illness that indicate the magnitude of insecurity in the United States. How Americans react to it is shown in the many reports made by Elmo Roper and published in *Fortune*. Summarizing ten years of research, he concludes that ten times as many American workers would prefer steady employment to higher wages and that twenty-five times as many would prefer steady employment to a shorter workweek. This is significant, but it is overlooked by those who maintain that all labor wants is more and more income or welfare. And the Roper material does not come from any journal advocating more "welfare-statism."

2. There will not be any great difference between the Republican and Democratic parties on the issue, although there may be significant differences at any one moment between individual Democrats and individual Republicans, and with equal likelihood, between individuals within either party. I believe that most people would classify Senator Morse as an advocate of programs that have been called welfare state programs, and he is a Republican. On the other hand, several Democratic senators have been, up to now, opposed to such measures.

What I am saying is but another indication of the nature of our major parties; the differences between the two on basic issues are negligible. If "welfare-statism" implies the spending of millions of the public's money on programs of mental health, and of course it does, I can think of one state executive—his office is not so very far away—who is, I gather from the press, a Republican, and who also advocates the extension of the "welfare state." Some of you may say, "But improvement of mental health is a

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justifiable program." So is unemployment insurance to millions whose jobs are not steady.

Therefore, those who fear that the welfare state will cause a "me too-ism" in American parties are both right and wrong. This will happen, but it is not caused by the welfare state. It has characterized American parties since 1789 at least.

Leadership in the creation of the welfare state has been the monopoly of no one party. It is almost impossible to say when it began, here or elsewhere. The internal improvements program of John Quincy Adams smacked of it. The land grant and homestead policy of the Republican party in the mid-nineteenth century was full of it. The Populists took the lead in the latter years of the nineteenth century, and Bryan added to the program at the turn of the century. The Republicans under Theodore Roosevelt transformed some of the Populist demands into law; the Democrats under the "New Freedom" of Professor Wilson carried the welfare program into new fields. In the meantime, Wisconsin, Oregon, Kansas, and Massachusetts, under administrations of one or the other party, were embarking upon experiments that foreshadowed the New Deal. And you will recall that in 1936 and 1940 candidates Landon and Willkie "out-social-securitized" Franklin Delano Roosevelt.

The situation can be summarized by a remark I heard last Christmas. A British journalist was addressing a meeting in New York. He expressed some surprise when he noted that the American press seemed to expect a Conservative victory in the forthcoming elections, but greater surprise that if this did occur the Americans expected a basic change in British domestic policy. He informed his hearers that the difference between the Labor and Conservative parties was that the former planned and nationalized with joy, the latter with tears in its eyes.

3. Another reason for my belief that welfare state legislation will continue, regardless of which party wins elections, is the fact that strong pressure groups are pushing such legislation, and everyone knows that parties react quickly to strong pressure groups. And, by the way, these are not only the pressure groups of labor, although that group has been in the vanguard since the reversal of its traditional stand in 1931. It may come as a surprise

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to some to learn that various employer and manufacturer groups are now advocating an extension of one phase of welfare state legislation—the old-age and survivors' program. Fifteen years ago many of them opposed its adoption; today they argue for its expansion. The reason is clear. American labor, in its search for old-age security, is writing more and more pension clauses into labor contracts. These provide, as did the Ford contract, the payment of a pension of stipulated amount on retirement, such amount to be the aggregate of private pensions plus that which is due under the old-age and survivors' insurance of the Social Security program. Therefore, one sees certain groups now blowing hot and cold simultaneously. While condemning and abhorring the *idea* of a welfare state, they support an extension of one of its segments.

4. The fourth and last point I wish to mention is discussed much more in detail by Professor Anderson. Does the welfare state mean the decline of American political morality? Will our voters organize huge public treasury raids? Are we on the brink of public collapse and disaster?

The assertion is constantly made that we are becoming overnight a nation of public dependents. I cannot answer this charge, nor can I predict what will happen. However, I can, on the basis of past experience, remain fairly calm, for I do not think the ship is sinking or is even shipping water. America seems to have shown an amazing capacity to withstand decisions and policies that in the minds of many able and contemporary observers were the final disaster.

Just a few reminders on this point.

"The government has been fundamentally altered . . . instead of confining itself in time of peace to the diplomatic and commercial relations of the country, it is seeking out employment for itself by interfering in the domestic concerns of society, and threatens in the course of a very few years, to control in the most offensive and despotic manner, all the pursuits, the interests, the opinions and the conduct of men." This is not today's press release from the United States Chamber of Commerce. (Nor was it written by George Orwell, whose book *Nineteen Eighty-Four* had such literary merit that scores of newspapers all over the United

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States saw fit to publish it at the same time. The fact that it could be used politically was, I am sure, purely coincidental—or was it?) That statement was made 122 years ago by Hugh Legaré, who was at one time attorney general of the United States and also secretary of state. He was protesting the “welfare state” policies—internal improvements—of John Quincy Adams.

Somewhat later these words were written by an outstanding Pennsylvania political figure: “But, sir, what does the delegate propose? To place the vicious vagrant, the wandering Arabs, the Tartar hordes of our large cities on a level with the virtuous and good man? These Arabs, steeped in crime and vice, to be placed on a level with the industrious population is insulting and degrading to the community.” The greatly feared catastrophe took place, however; we *did* obtain universal manhood suffrage, and 113 years after that statement was made in Philadelphia the republic seems still to be limping along.

Similar prophecies of complete collapse were made when the income tax amendment was proposed, when direct election of United States senators was suggested, and when we took that awful step and enfranchised the women of the nation. And yet, up to April 12, 1950, the republic survives.

I mention these, and could note many others, only to point out that the struggle over the welfare state is a *political* struggle. One must therefore expect that *political* weapons will be used. In this armory of weapons we find not only the guns of facts and figures but also the gas of “glittering generality,” “transfer,” “card stacking,” and all the other munitions of the propagandist. Both sides will of course use these weapons.

In conclusion, I cannot say, for I do not know, whether a continuing and an expanding welfare state will lead us to socialism. I do know, however, that this argument will be used against it; one just expects that in the field of politics.

Historically, the welfare state as it has developed in the United States has undertaken to give real equality of opportunity, to safeguard the commonwealth in natural and human resources. “Whatever this may be, I do not think it is socialism,” wrote Henry Steele Commager in the *New York Times* magazine section just one year ago. “The essence of socialism is the public owner-

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ship and management of the means of production; capital, land, and property by the state. Soviet Russia is, in large measure (in its economy), a socialist state. Britain and Scandinavia are as yet far from true Socialism. By contrast, the United States, even after two generations of public regulation, even after 17 years of the New and Fair Deals is an economy of private enterprise. And," concludes Mr. Commager, "the American program remains a conservative one and—it is proper to add—a democratic one."



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### *What are its costs?*

by DALE YODER, PROFESSOR OF ECONOMICS AND DIRECTOR,  
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EACH of the other speakers in this series has, I understand, stated his definition of the welfare state. Because this seems to be an inherently honest procedure—and because starting with a definition of terms is a well-established and honorable professorial tradition—and most important, because this speaker prefers his definition to those submitted by earlier participants, let us make no exception. Let us state at the outset what we take to be an economic appraisal of the welfare state.

In this discussion of the economics of the welfare state, the term “welfare state” will be used as little as possible—because the words have multiple meaning and emotional associations. For our purposes it should be enough that a welfare state is a society that places a heavy emphasis on the personal welfare of its citizens. It is a society, like that in the United States, that seeks to provide a continually better, fuller, more satisfying life experience for *all* its members. It is a society having widely recognized “welfare” goals—higher material living scales, a broader development of human abilities, the reduction of poverty and other distress, and the more careful utilization and conservation of human resources. In terms of our current stage in the long process of economic evolution, it is a state or a society that seeks to increase economic benefits and to reduce economic insecurity. More specifically, it aims to reduce three principal types of insecurity: the fear of unemployment, of disability, and of old-age dependency. Presumably a welfare state or society will seek to achieve other economic advances—better housing, more leisure, better recreational facilities, better schools, and many others. At the moment, however, security against unemployment, against the economic hazards of

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death and disabling injury or illness, and against dependent old age appear to occupy the most prominent positions as welfare goals.

Please note that this definition makes no reference to government or politics, to socialism or communism or totalitarianism. From an economic standpoint, that omission is not merely defensible; it is essential. An economic appraisal can offer little in the way of evaluating political structures and forms. A welfare state might be one with extensive public ownership, or one with little; it might include all sorts of divisions of labor among individual states, provinces, counties, cities, and federal governments. The problem of assigning functions to political units and agencies has already been dealt with by one of my colleagues.

A second definition should probably be included to indicate in somewhat more detail what is meant by an *economic* appraisal. Carlyle's reference to economics as a dismal science, coupled with your own introduction to the discipline—which some of you may regard as a conclusive demonstration of Carlyle's thesis—may lead to the impression that an economic appraisal means a dismal, disheartening, discouraging approach. To those whose most vivid recollections of the subject surround the iron law of wages or the Malthusian law of population, an economic analysis of welfare programs must appear as bleak and unpromising and the economic approach as filled with foreboding, suggesting an advance conclusion that "it just can't be done." This is not, however, what is meant by an economic appraisal here.

One way of expressing the idea of an economic appraisal of welfare and security might be to describe it as putting the price tags on these measures. Economic analysis attempts to get at costs and prices. Economists, to put it simply, seek to discover what various welfare measures cost. They seek, in even simpler though perhaps slightly confusing terms, to evaluate the effects of welfare on welfare. They are concerned with the efficient combination of resources. They seek to discover how various welfare measures are likely to influence the combination and utilization and conservation of these resources. This reiteration is probably unnecessary; most of you, I suspect, recall the clear-cut statement of the laws of varying proportions and the combination of the factors

of production—land, labor, and capital—expounded almost two hundred years ago by Adam Smith.

The interest of economists in welfare is as old as the science itself. Economics as a discipline began as an expression of concern about the wealth and welfare of the citizens of several small principalities. Economists were concerned with welfare long before the democrats discovered the magic of the term. Economics was “welfare-conscious” in the days when the founding fathers of this nation borrowed the term for use in the Preamble to the Constitution. Economics still places its highest priority on welfare, precisely the type of welfare with which these discussions are concerned.

Let us be specific and outline questions to be answered in an economic appraisal of welfare—that is, security proposals. Some of the most important of these questions might be stated as follows:

1. How is the demand for welfare related to the nature of modern economies? Why all this talk about welfare now? Is the demand real, or are welfare demands essentially bargaining devices, feints designed to facilitate gains toward more important goals?

2. How shall we appraise the probable effects of current proposals for attaining greater welfare on the economic welfare of citizens? How—to be specific—will currently popular programs seeking security against unemployment, disability, and dependent old age affect the general welfare? What are their costs, their price tags? Can we afford them?

3. Do present proposals appear reasonably priced? Are they good “buys”? Do they represent sound use and application of our resources? Can the same or a greater degree of welfare be more readily obtained in another way? Are some measures definitely undesirable?

These are questions that should be answered in any comprehensive economic appraisal. Only a portion of them can be answered here.

Let us begin our appraisal and the answering of these questions by noting several highly significant characteristics of our present-day economy. I should like to make four points that may aid us

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in maintaining an appropriate perspective and objectivity in this appraisal. They are, I believe, noncontroversial—points about which all reasonable persons will agree. And they may help us to lift our eyes from present conflicts, confusion, and name-calling and thus to see more clearly the essential outlines of economic welfare and economic security.

*Point 1.* Our present economic organization is—in terms of the long experience of mankind with various older economic systems—a new, novel, radically different experiment.

The free market in which manpower can sell its services is an innovation scarcely 500 years old. The factory system, about which our economy is built, dates from 1718 in England; our own first factory appeared in 1787.

The new system is full of striking changes—different from anything that preceded it. It is based on voluntarism, the willing, purposeful participation of human beings in employment relationships. It requires their joint participation and effort, their association in gigantic work-teams. The very essence of it is a sort of mass cooperation, in which individuals—employers, managers, owners of wealth and property, and employees—all join hands and of their own volition form working teams in the manpower markets of the modern world.

Because they combine in such large associations, they are able to work with large accumulations of capital goods—the gigantic factories and machines that are a symbol of this new system. Many observers, impressed with these physical plants, have seen them as the distinctive mark of the new order. Actually, however, the startling evolution of the workshop by which it became the modern mill and factory is no more impressive and certainly no more significant in terms of its social and economic impact on human beings—on manpower—than the emergence of voluntary teamwork as the motive power of the modern economy.

After thousands—perhaps hundreds of thousands—of years of individual hunting and fishing economies, after thousands more of simple family cooperation in the pastoral stages, after thousands also in which men worked as slaves—as serfs and villeins on vast manorial estates—after all this experience gained and cumulated by the race, this new, comprehensively different ar-

rangement appeared. It is so new it has no accepted name. Some call it capitalism, the factory system, mass production. Probably our Russian friends will shortly announce that since they discovered it—as they discovered the airplane and so many other current products of modern life—they have given it an appropriate name as well.

Whatever it may be called, this system of voluntary teamwork must be recognized as the most recent and most untried in a long series of experimental models. We have had far less experience with it and less time to understand it than we have with the guild system, for example, or with slavery. By analogy, our situation might be described as comparable to one in which a free-wheeling, fluid drive, hydramatic, dynaflo model car was suddenly placed in the hands of a group of livery stable attendants.

*Point 2.* The new system has worked economic magic. This voluntary teamwork has resulted in levels of productivity never dreamed of by those who hunted and fished for a hazardous existence. It has made possible vast populations that could not be supported without its improved utilization of human resources. It has, in the short 250 years since T. R. Malthus wrote his dim view of prospective poverty and distress, lifted the masses far above the mere subsistence he described as their best possible attainment and has enabled men to talk and plan in terms of ever higher living scales and standards, of shorter working days and weeks, of increasing leisure, and of the "better life" as an objective of *all* rather than of a tiny ruling economic dynasty. If this revolutionary change is not real in your minds, recall the established yardstick for wages in the most advanced and enlightened areas at the time this continent was discovered—a wage adequate to permit the wage earner to *maintain* his status.

*Point 3.* But the new system created insecurities. In the hunting and fishing stages no one was without a job. No fear of unemployment haunted the mind of the primitive fisherman or hunter. Later, in the long years of serfdom and slavery, manpower was similarly free of the major insecurities of our day. Men, like mules, were recognized as requiring year-round subsistence. They faced no seasonal layoff. Nor were they threatened with arbitrary dis-

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charge at the age of 65. They faced no hiring restrictions at the ripe old age of 40.

Without question the new model created insecurities. Voluntarism meant independence, and independence carried the continued threat of personal failure and inadequacy. Longer life, urbanization, increasing mobility of manpower, lessened importance and permanence of the home—all these were changes introduced by the new model; all were sources of new insecurities.

*Point 4.* It follows that the demand for security, for welfare programs, is very real. It is not merely a bargaining device dreamed up by an enterprising union organizer. It is a search for values lost in the rapid introduction of the new model, for features of the old horse and buggy that were not incorporated in the streamlined convertible.

The desire for such welfare programs as have been outlined—for protection against economic insecurities—is actually a product of the new model in another way. It reflects the fact that with this new system, with the higher earnings and living scales it has made possible, protection against these insecurities may for the first time be feasible.

With these four points in mind, let us turn now to an appraisal of current welfare proposals. How do they appear likely to affect the efficient utilization and conservation of our resources?

This is the area in which confusion and conflict are apparent. This is, however, not surprising, because current welfare proposals in effect suggest experimentation within what is already an experimental model. They propose to add gadgets to our new free-wheeling convertible, or—as some critics seem to regard these suggestions—to try driving it without a brake or with a parachute in full bloom streaming out from the rear seat.

In the midst of this confusion and concern, let us make what must of necessity be a “horseback” estimate of these proposals. What can we say of them? Here again let us summarize the results of our appraisal in a short series of points.

*Point 1.* Costs of security or welfare measures are of two distinct types. They may be described as direct or outright or obvious, on the one hand, and indirect or secondary on the other. Only the direct costs can be calculated in approximate dollars and

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cents. Yet indirect costs, if they arise out of interference with the efficient operation of the machine, may be greater than direct costs.

This point should be clearly understood. A single illustration may help. One of the distinctive features of the new model economy is its emphasis on manpower mobility. One reason why the new model has been so effective is that manpower resources are shifted rapidly from one locality or industry to another in which they can be more productive. If welfare measures reduce mobility—to the degree that they prevent this shifting—their indirect costs may be vastly greater than their direct costs. If old-age pensions, or guaranteed employment, or socialized medicine, or other so-called welfare devices restrict or limit the most effective combination of human and material resources, if they thus prevent the introduction of new industries and slow the pace of what we call progress, their costs may easily be multiplied. That is a fact to be borne in mind constantly as these measures are appraised.

*Point 2.* Direct costs of welfare measures are real and appreciable, in the sense that they may readily absorb a significant portion of current income. For those of you who crave statistical evidence, a few figures are included. They have, in each case, been reduced to current dollars and related to the wage of the 1950-model wage earner. He earns approximately \$50 per week. What would be the direct costs of the most commonly proposed welfare programs to him?

Let us assume first that he wants employment security. He now has unemployment compensation. It provides him with an assured weekly benefit averaging \$20, or 38 per cent of his wages, which is limited in most states to 13 weeks per year. For that protection he is now paying about 1.8 per cent of his wages, or \$1.00 per week.

Only 33 million people are presently included in the coverage of such plans. Moreover, 35 per cent of those who become benefit receivers exhaust the benefits before they are re-employed. Let us assume, therefore, that coverage is extended to the remaining twelve million hourly rated and salaried employees, that benefits are increased—as suggested by Mr. Truman—to \$30 per week,

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and that benefit periods are extended to 26 weeks per year. Price tag—\$2.00 per week.

Perhaps our Mr. A. W. (average wage earner) prefers to look at the guaranteed employment model. He wants an assured minimum wage throughout the year. (Here we might well begin to worry about the indirect costs.) According to the studies of the Office of War Mobilization and Rehabilitation, the price tag on this model should read at 6 per cent of wages plus costs of unemployment compensation. Price, \$3.00 per week.

What next in the welfare shopping center? Let us consider protection against death and disabling injury or illness. Group life insurance, now including coverage for 20 million people, provides average death benefits of \$1000 and costs only a fraction of a dollar a week. An extension of coverage and an increase of death benefits to \$5000 can be arranged for \$2.00 per week. For minimal protection against disabling accidents and illness, the Federal Security Agency has calculated costs at 1½ to 2 per cent of payrolls. This checks with experience in Rhode Island. Four other states are trying it, but their experience is so limited that no final price tag is possible. Let's estimate the price at 75 cents per week.

For protection against medical and hospital expenses, a "disaster type" or "\$50 deductible" security policy would cost approximately \$1.00 per week. That estimate assures coverage similar to what is already provided to the 60 million citizens having hospitalization policies, the 34 million included in prepaid surgical expense plans, and the 13 million now participating in plans for prepaid medical service under Blue Cross and Blue Shield programs.

If Mr. A. W. wants full coverage (the socialized medicine concept) a conservative estimate—based on a balance of actuarial prophecies and British experience—would put the price tag at a minimum of 6 per cent, \$3.00.

The third major department in which Mr. A. W. might wish to shop is that dealing in old-age security. He already has some protection if he is one of the 35 million included in the present old-age pension plan. For his average payment of \$1.00 per week, he buys a pension averaging \$41 per month. He may be and certainly should be suspicious that he is going to be rated up in the future.



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Perhaps he would prefer the House of Representatives plan, which would raise his pension to \$50 (or \$80 for a man and wife) and would extend coverage to an added 11 million citizens. Price, 7.5 per cent or \$3.50.

He may want to look at the futuramic model, \$100 per month. The price is steep, however—\$5.00 per week now and \$6.50 by 1980.

How about a "package" sale? One such package might provide the more generous unemployment compensation, life insurance, disaster type disability benefits and hospital, medical, and surgical services, and House of Representative old-age pensions for about \$7.50 per week. For just twice that, \$15.00, he can buy the best of everything.

Even \$7.50 per week is a sizable slice out of the \$50 salary. Where is that \$7.50 to come from? What must Mr. A. W. give up? Can he afford to buy these services?

*Point 3.* Sure he can afford it. He can afford it right now if he wants to give up some of the meringue on his pie. He can get along with the old car. He can cut down on movies. He can buy a considerable part of it by stopping drinking, smoking, and chewing and by insisting that his wife do the same. Perhaps he can get her to use fewer cosmetics. The point is that he can afford these costs because he is far above a subsistence level.

But does he have to give up something?

*Point 4.* Of course he does! He has to pay the costs. He is already paying for similar protections and he knows it. They aren't free; they are not self-liquidating investments.

*Point 5.* He may prefer to buy them in the future without sacrificing his present scale of living. His wages will be higher. They have risen in the past and will do so in the future. By 1980, for example, he could purchase almost the entire deluxe package without cutting anywhere. By that time his weekly wage should be about \$63. His annual earnings should approximate \$3200, as contrasted with \$2500 now. National income, now \$260 billion, should be \$345 billion; the gross national product should be \$400 billion instead of \$300 billion. By that time, as weekly hours continue to fall 0.3 hour per year, he will be working only slightly more than

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30 hours per week. He could have these protections with no sacrifice of present standards.

But are they worth planning on? Are they good buys?

This question cannot be answered in detail here. But the kind of answer that must be made can be illustrated by example. Let's take old-age pension proposals for that purpose. Are they good buys?

*Point 6.* Present pension proposals are no bargains. Not only are they experimental models with bugs; the bugs are more prominent than the models. They are full of misunderstandings, and serious ones. For example:

(a) Pensions are to be funded, we hear. They are to be paid for by savings. It should be clear that no universal pension can be funded. It must be "pay as you go." Benefits have to be provided out of current income. The things the aged want to buy can't be stored up. They have to be created and delivered when they are to be consumed. How many of you want to be served, at age 65, with the beans you grow in this year's garden or the eggs from this year's hens? How can we stockpile the services of doctors, dentists, salespeople, telephone operators on a grand scale? No, a universal pension plan can only create priorities in claims on future products.

(b) If such priorities become extensive, they may readily create tensions between the younger generations who are creating the goods and services and the older persons who are enjoying them. The easy way out is to cut the priorities, and the simple way to do that is by inflation. That is the reason so many of you who now have credits toward your old-age pensions are so fearful as to their values. You should be. That is the reason why an economically sound approach to old-age dependency considers the provision of systematic minimal relief—not universal pensions.

(c) Neither managements nor unions are specialists in relief. Neither possesses the competence either to plan or to administer relief. They should, therefore, leave relief planning to the "reliefers," with apologies to Professor Kidneigh. They should clearly distinguish—as the president's steel fact-finding panel did not—between such relief on the one hand, and on the other, voluntary savings plans designed to provide something above relief levels

for those who retire. The hazards in present-day negotiated pensions are tremendous. They make insecurity more than ever insecure. Thus, the actuarial division of one of our largest insurance companies estimates that not more than one out of twenty of those covered by recently negotiated pension plans will ever receive any benefits. Vesting has become a household term in recent months because of the hysterical realization of these deficiencies and weaknesses. Meanwhile, unions have also come to recognize the hazards of factionalism and dissension that may arise within their ranks as a result of negotiated pensions. The point is that relief for the aged should be minimal and administered by specialists in relief. Support of dependent aged should be accepted as is support of dependent children. It should be sharply distinguished from pensions. The latter may be negotiated, but both unions and managements should regard them as highly complicated experiments, gadgets to be tried out, preferably not on a grand scale.

(d) The whole emphasis on pensions has tended to distract attention from what promises to be a far more productive approach to the problems of old age. The simple fact is that we are to have a vast increase in the numbers and proportions of our manpower resources in the old-age groups. The problem is to make that manpower useful and effective, not to develop artificial means of making it dependent. Dr. Warren D. Thompson recently reminded a group of us that not only will we have more older persons but they will be in far better shape physically and mentally than such elders have been in the past. Twenty-seven per cent of them are presently employed. They produced more than \$10 billion in products last year. Our problem, from the economic point of view, is to get more of them into positions and to keep them there.

The Industrial Relations Center at the University of Minnesota has been working on that particular problem for more than a year. We have found many union and business leaders who are keenly aware that this is the real problem of old age and who have welcomed an opportunity to work with us.

Much more could be said about pensions or the economic problems of old age. This quick summary, however, should suggest that an economic appraisal of present proposals for pensions does

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not find them anything like the "best offer" or bargain prices we as customers are searching for. Much the same might be said for current "socialized medicine" offers. Senator Douglas, who has the great advantage of having been a former professor of economics, has clearly pointed to the excessive costs in such proposals.

In summary, then, we can say that demands for most welfare measures may reasonably be regarded as reflecting "bugs" or deficiencies in our present experimental economic system. They can and will be met. The system has so increased productivity, earnings, and living scales that welfare, although costly, can be paid for. Direct costs, which are real and significant, can be met without serious hazards to existing scales of living, especially if they are spread over a 10-, 20-, or 30-year period.

But we must be constantly on the alert to guard against excessive indirect costs. And we must examine very critically every specific proposal, lest our sudden wealth make us gullible buyers of carelessly conceived, seriously defective programs.

We want real welfare—improvements in the good life for all. We certainly do not want pseudo welfare that makes existing insecurity more insecure. We don't want false price tags—or hidden clauses covering indirect costs in our purchase contracts. We want more welfare in forms that can be depended upon and that are appropriately designed for our 1950-model economy. Every barometer and indicator in the economic weather bureau suggests that we can, if we are shrewd shoppers, buy just that kind of secure security.

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### *What does it do to people?*

by JOHN E. ANDERSON, DIRECTOR, INSTITUTE OF CHILD  
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MY PURPOSE is to discuss the effects of the welfare state upon its members. Since both the conception of the state and its practical attainments and products change with time, little direct information based on controlled scientific observations is available.

But first some matters of definition are necessary. Within my own experience, the meaning of "welfare" has changed. When eight representatives of University of Minnesota departments met in 1924 to choose a name for the newly established institute for the study of children, "Institute of Child Welfare" was selected because "welfare" at that time denoted work for the well-being and development of normal persons. A few years later when a national society for the study of children was established, the phrase "child welfare," because of its connotation of service for the dependent and maladjusted, was rejected and the phrase "child development" was chosen because of its connotation of work for the well-being of all. These changes in meaning gained new force in the 1930s. Moreover, the phrase "general welfare" as used in the early American documents was quite different in meaning from "welfare" today. Following Hobbes and other theorists, all states were regarded as associations of people in groups for mutual aid and protection.

In viewing the United States as a welfare state from its inception to the present, all the good things in our life should not be ascribed to the welfare concept and all the bad things to other concepts. While the United States has many indigent, marginal, and poorly adjusted persons who need care, as Mr. Kidneigh pointed out, any statistical comparison with other countries or with previous periods in our country in terms of the actual facili-

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ties available at all levels reveals higher standards of living and greater opportunities for individuals. At the moment out of our abundance we support one half the world. Actually, what has arisen in the United States is one of the most productive and creative societies in history. Is this not the result of huge natural resources, an able population, and a series of ideals and goals which stressed self-reliance, ingenuity, independence, and equality? Some believe that the period from 1859, when Darwin's *Origin of Species* freed men's minds from age-old barnacles, to the beginning of World War II in 1939 is comparable to the Age of Pericles or the High Renaissance. It was another Golden Age when men were searching, studying, testing, experimenting, inventing; a period of extraordinary creativity. It is even possible that much of what we call welfare comes out of the very abundance created by our use of resources. If we were a poor country we could not afford the "welfare" concept—a topic which Mr. Yoder has explored.

But there is a further difficulty. To some, the welfare state is an end or static millennium in which all needs are to be satisfied. It connotes a heaven, in which the elect sit on comfortable clouds and play harps as they contemplate the gold paving blocks of the city of delight. With this conception we can have little concern, except to urge a return to reality and a vision of states or social systems and of men or living systems as energy systems with many wants and desires operating in space-time, and life as a continuous adjustment between need and action.

A state is not a simple structure with precisely fitting parts, each with a particular function, as is, for instance, a clock or a gasoline engine; instead, it is a complex system of interrelated systems with their own energy components. This concept is not far from that of Professor Christensen, who described the state in terms of pressure groups. Because the state as an energy system operates in time, both the internal relations and the external relations are nonreversible. History writes itself only once. A state is an *open-end* system, not a *closed* one. What is present at any moment is a cumulation of what has gone before. What is to come is the outcome of the present. Small shifts in direction or changes in internal relations at any moment may produce very large and

significant changes in the future because of the cumulative character of a system.

In such a dynamic system, material constantly flows in and energy goes out. Changes in input modify outgo, and vice versa. When outgo becomes too great in relation to input, the system first uses up its products, next its own structure; then it deteriorates. In time, what a system is and what it can do is determined by what it accumulates above the maintenance level. In a living system, input may be crudely described in terms of needs and wants, and outgo in terms of energy expenditure or work. These two aspects are inextricably interwoven; one cannot be considered without the other nor can one be changed without changing the other, except at the expense of the organism itself.

In every state, some elements make for *constancy* or the stabilizing of the system and some make for *change* or modification. Two sets which make for constancy are related to what we call *security* and *productivity*. The fabrication and storing of products not only contribute to the efficiency of the system but also give it inertia. At a given moment, a good analysis can be made in terms of these maintenance factors. But when the state is considered as functioning in space-time, a third set of elements enters which make for creativity.

In terms of functioning, a good dynamic system is one with some *security*, some *productivity*, and some *creativity*. Too much security may cut both productivity and creativity, as in old states living in their pasts. Too much productivity, as in war, may cut both security and creativity. Creativity is, however, at a somewhat different level than the others since it is an aspect of development or change which depends upon freeing energy for growth, discovery, new products, and enlargement of the life space. Creativity seems to be directly related to the variability permitted within the system—inversely to the constraints imposed and the barriers erected. Creativity is more characteristic of young than of old systems, who tend to accumulate far too many rigidities.

If input-outgo is characteristic of a functioning system, it becomes impossible to define human rights without considering the citizen's obligation to the state. A society cannot continue to exist unless many of its members make some direct contribution

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to the whole by way of effort or work, that is, unless they spend time and energy in producing goods to meet needs. Without work the possibilities of sharing in goods and services disappear.

Within the state, the unit is the citizen, who is himself a dynamic system that is active because it is out of balance. The citizen has needs and expends energy for maintenance and the making of products which may be accumulated to "feed back" and affect future input and outgo, or consumed and lost.

The needs of the individual are neither static nor uniform. Psychologists and social scientists have argued for years about man's basic needs. Beyond the simple appetites common to living organisms, complications arise. Needs change with time; they are affected by education and culture, and even by advertising. New needs are constantly created within the social group, and the interpretations of needs and wants change. In fact, as rapidly as needs are satisfied, more needs develop; in good health the human being is an active energy system which moves not only from satiation to felt need and on to satiation again, but also from one need to another. To think of the human being only in terms of a single incentive, such as money, is to reduce a very complex system of drives, needs, and wants to far too simple a base.

A state meets human needs by providing opportunities for work and for the interchange of goods and services. There is a continuum from the state at one end that demands all and returns little to the plurality of its citizens, to the state at the other end that demands little and returns much. Where in this continuum the welfare state of present political import is to be placed, I do not know. It is clear, however, that the problem of the distribution of opportunities for work and of sharing in the proceeds of the work is a critical one.

Three major theories of distribution seem to be operative: 1. The state is concerned primarily with meeting the needs of individuals, irrespective of their contributions, on the assumption that goods must come to all because they are members of the society. This theory involves unequal distribution since needs vary from person to person. 2. The state seeks to distribute its goods and services in proportion to the contributions made by its citizens to the society. This also involves unequal distribution since con-



tributions vary from person to person. 3. The state seeks to distribute its goods and services in equal shares, irrespective of needs and contributions.

In connection with the second theory of distribution, some say that it is impossible to determine the extent of any particular individual's contribution, because each person profits from the contributions of his forebears and contemporaries. He acquires goods, machinery, education, ideals, models of behavior, and so on, from those who have gone before and who are around him. Hence he becomes only a mechanism through which the social order speaks and as such has only the function of transmitting joint products.

Fortunately, few persons are willing to accept this concept of their role. Most persons are somewhat ego-involved and set high values on their own products, because they are close to them. Others who see the products also value them. A person cannot hide either himself or his products. As a result, a rough and ready system of evaluation develops. Even the state sets up its own hierarchy based on the evaluation of individuals. The problem of recognizing contributions becomes one of reducing injustices to a minimum. This is really a measurement problem that can be solved. Further, it should be clear that not all rewards need be financial. Many are concerned with status and recognition, as well as pay. One may be more interested in the verbal approval of a colleague or in a change in social status than in a salary increase. At some point recognition must be individual and personal. In any group, pressures develop toward the uncommon rewards.

Another point is pertinent. Many assume that contributions are personal and individual, and independent of the group values. But data indicate that whatever the form of social organization, some persons with particular skills or other qualities are exempted from ordinary pressures and demands. Herskovits, studying primitive societies, recorded an instance of a man who persistently evaded all rules in a tribe with such strict controls that minor infractions were punished by death. When the chief was asked why he did not kill the man, he replied, "He carves better images of the gods than any other man. If I kill him, there will be no more good images." In our society the man who can throw a baseball

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a little faster, the actress with sex appeal, and the comedian are overvalued and receive recognition out of proportion to personality and skill because they have something the group wants.

Across these theories of need and of contribution there is projected another theory which is actually incompatible with them. The demand for "fairness" or equality in distribution is deep-rooted. It appears in children. Few families with several children are without controversy over the size of pieces of cake, pie, or candy. No society as yet has been able to work out a completely satisfactory solution of the needs-contribution-equality triangle. The compromise worked out by our forefathers was one of equality of opportunity, whereas present society seems to be moving rapidly in the direction of absolute equality.

At one point in the preparation of this paper I began to list the variables involved in the problem of motivation within different forms of states, to lay out their distributions, and to attempt to analyze their interactions. Such an analysis can hardly be begun within the space of a short paper. But I will list the factors I enumerated, all of which need consideration both in terms of their effects at the moment and over time. These are: 1. natural resources; 2. human resources or capacities within the population; 3. the education or experience available to persons; 4. the needs and wants of persons; 5. the incentives surrounding them; 6. the constraints or barriers within the society that limit the use of natural and human resources; 7. the output and productivity of individuals; 8. the size of the society itself—since sheer size and/or density of the population affects all relations; 9. the complexity of the social system in terms of its hierarchies or the pattern of subordination and superordination among the parts; 10. the ease of intercommunication between parts; 11. the images and goals of the society as a whole and of the individuals of which it is composed, which function as motivating and determining devices. Even the most superficial examination of this list will reveal the complexity of the matrix of relations with which we deal. But let us concern ourselves with the last item.

What goals, images, and ideals operate as motivating factors in the American way of life? Four aspects may be considered.

1. As shown by Professor Kidneigh, the welfare ideal is present

in early documents and is a part of the American background. It expresses itself not only in social services within the state but also in the altruistic wishes for other people that have sent Americans with missionary zeal over the entire world.

2. Another major ideal centers around the competitive trend which is reflected not only in business and politics but runs through games and recreation and reveals itself early in group relations. However you may feel about it, it *is* present. Closely related is a cooperative trend which makes for team play and group effort. Instead of being at opposite poles, as most people think, modern studies show that the competitive and cooperative tendencies differentiate together out of the more primitive solitary or parallel types of play. Which receives the greater emphasis depends upon the context of education and experience.

3. Another very important ideal centers in the constructive, inventive tendency which is expressed in such a phrase as "Yankee ingenuity" and is exemplified again and again in our literature. The American is willing to manipulate with his hands and his head; when he gets into a tight place he gets out often by an unusual construction.

4. A final ideal grows out of the theory previously mentioned, that all citizens are equal and that all possibilities are open. This ideal is given an opportunity rather than a welfare twist in such phrases as "I want my boy to do better than I," "America is the land of opportunity," "My children must have superior professional or social status," and "Any boy can become president."

How do such ideals motivate persons? Recent studies indicate that stereotypes which image behavior and personality through thousands of repetitions and reinforcements, both by self and by others, come to be in the background of the thinking of most persons and to function in the social scene as guides of behavior, much as silent speech functions in the conscience of the individual. The generalized image of the American is one of a resourceful, courageous, hard-working, thrifty, skillful, free person who moves ahead by virtue of his own efforts and who is friendly and interested in others. Concern is not with whether or not this image corresponds to the facts or even with the conditions which produced it, such as the need for survival in a pioneer country, but

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with its effects upon others, particularly upon children, and the tone it gives to American life.

To what degree is this image of the American changing under the impact of modern conditions? No direct answer can be given. Some feel that thrift, important in the original characterization, is now out. What we do know is that both children and youth are becoming more sophisticated and give more consideration to security than did younger persons in earlier periods. Such concern may result from several factors: 1. the practice of teachers and vocational counselors in emphasizing the long-time or security aspects of vocations; 2. the widespread discussion of security in the older population which filters down to younger persons; 3. shifts in the literature available to children, the McGuffey Readers and Alger stories which emphasized initiative and altruism having been replaced by a more sophisticated literature; 4. the passing through, in quick succession, of a great depression and a great war, both of which make people feel emotionally insecure. Here again are the effects upon young persons of the reiterative emphasis upon welfare as distinct from opportunity and participation.

Professor Kidneigh has said that the people of the United States are basically independent, do not want help, and break free from aid after a short time. This is true as a descriptive statement. But I do not believe that such independent behavior results from in-born characteristics so much as from ideals and goals which have been emphasized and re-emphasized in our past. The majority of the population reached maturity under the old ideals. What will be happening in another generation which is dominated by those born since 1933 may be quite different.

The other day a friend asked me how I happened to be speaking in this series; what possible relationship could there be between the training of children and the organization of the state? This is a good question. Actually the relationship is significant. In primitive societies anthropologists find relationships between the discipline of children and the nature of the controls exercised over adults. For example, a society that punishes adults severely for slight infractions is likely to be very severe with children, while a society with permissive and democratic practices among adults exercises less rigid controls over children. What is of im-

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mediate concern is a dilemma that has been commented on by other workers in my field, namely, that with more emphasis in our society upon self-reliance and independence in the development and training of children, our society seems to move in the opposite direction by imposing more controls upon adults, thus reducing the areas in which persons can decide for themselves. How much opportunity will children have to exercise self-reliance as adults in the future? How are children to be trained for a welfare state? Should they be given miniature ration cards and trained to stand in queues, and be urged to seek help whenever they are in difficulty? Should safety, security, and conformity be emphasized, or risk, venturesomeness, and independence?

What may be a good practice for the individual may be poor as a generalized motivating device for the group. In the late 1920s W. I. Thomas, a distinguished sociologist, after visiting child guidance clinics and mental health agencies in every section of the United States, expressed concern about the possible effects of making personality deficiencies a socially acceptable explanation for failure to meet obligations. He recognized that in treating the individual case such a point of view is necessary. But what of replacing the ideals of "carrying the message to Garcia" and "the show must go on" with the image that failure results from a defective nervous system and hence is beyond personal responsibility? On this point we have no clear data. But on one point we do. Between 1900 and 1930 the proportion of children carrying on self-initiated and participant activities, such as making collections and developing other hobbies, decreased enormously in various age levels, while the proportions in spectator, listening, or viewing activities increased by a corresponding amount. What the social effect of substituting spectator for participant activities in childhood will be on the work habits and self-reliance of our children, I do not know. But the movies, radio, and television are not products of the welfare ideal—they come, rather, out of ingenuity and inventiveness.

From the foregoing it is clear that I am concerned with the motivational pattern created by the concept of the welfare state. I recognize the fact that the conceptions of society are changing and will change. A social system, like a living system, makes con-

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tinuous adaptations within and outside itself for maintenance and progress. From a state exercising only police and regulatory powers, we have moved to one which provides many services for its citizens. These are provided both because citizens demand them and because the government can provide some services more effectively. We cannot go backward—our history is already written in the pattern of our social system. We have moved from childhood into adolescence; we may not like or even sanction puberty, but once interest in the opposite sex appears, it is with us as a problem thereafter. It is possible that neither our laws nor our conception of our roles have caught up with the changes that are about us. But there are dangers ahead, which seem to me to revolve about the central image or conception of the relation of the citizen to the state. Labels are important because they are not only symbols but motivating devices around which the relations of persons to one another and to central organizations polarize.

A central problem is whether service comes as a matter of right, as a privilege, or as an instrument through which the person moves on to fuller living and responsibility. Some government agencies in making loans instruct borrowers in budget-making and accounting in order that, in time, they may free themselves from debt through better habits and skills; others give handouts and gifts à la Santa Claus. The problem of retaining initiative within a service state is a most complex one. In approaching it, I will first list the inherent dangers.

1. The first danger arises out of the self-interest which appears both in individuals and in subsystems. A manifestation in rather ugly form occurred recently in California, which calls itself "the welfare state," when an amendment, slipped in by subterfuge and supported by an organization of pensioners, gave old-age assistance absolute priority in government expenditures over other state activities, including education and the welfare of children. Only by a costly and energetic campaign was the amendment repealed after it became clear that the normal activities of the state were stymied. If our country is, as Mr. Christensen brought out, a supersystem of smaller pressure systems, the problem arises as

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to the extent to which smaller pressure systems can continue to be activated without tyrannizing the majority.

The only remedies I see for self-interest are, first of all, continued abundance, since that will, for most but not all people, decrease some of the tensions underlying self-interest, and, second, an educational program from the early years which emphasizes sharing and cooperation. I have said nothing about subsidies, and perhaps I should. I can see several advantages in subsidies for college professors, say a \$4000 subsidy to write a book—when the manuscript is turned in the government can pay the subsidy, dye the manuscript a deep purple, and bury it in Fort Knox!

2. The next danger is that of rigid planning. In a complex system involving many variables, not only is substantial scientific study of the factors involved necessary, but also much constructive planning for the future. There are, however, far too many sentimentalists who fall in love with a formula and then move onto the social scene with great vigor. In many instances one of the three factors, need, contribution, or equality, is much overweighed, with the result that the realities recede into the dim distance. If a complex system is to survive, it must become sensitive to its own deficiencies and develop effective methods to meet its own inadequacies. Since a society is an open-end system, premature structures in the form of tight plans must not be imposed too early or too rigorously. A surprising proportion of the difficulties encountered in the development of human beings arise because of premature attempts to structure and organize behavior. In my opinion, it is so with any social system in the process of development.

3. A third danger arises out of sheer size and complexity. This is not a deficiency of the welfare state per se, but is a problem common to all states. Years ago an English investigator became interested in the problem of why such a small proportion of the children born and reared in London moved into positions of leadership in comparison with children of the same ability level from remote districts. He developed the hypothesis that London is so big and so overpowering that the London child becomes meek and docile, whereas a child of similar ability in a small community develops tangible feelings that he can do something about life.

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One outcome of size, and often of centralization as well, is a fatalistic acceptance of things. Such fatalism is quite typical of the old societies of the East.

Closely related is *apathy* or lack of interest. Many persons drift easily into a steady, comfortable, and secure relationship with their environment. Studies of children show the possibilities of stimulating environments which facilitate development and growth. Studies of older persons show that some of the deterioration of old age can be delayed in a stimulating and encouraging environment. These results contradict the assumption so often made that the ideal relationship of a human being to his environment is one of security in the "contented cow" sense. Participation and the active use of personal resources are definitely related to good adjustment.

4. The fourth danger is already upon us. It grows out of the freedom for leisure activities which our productivity has given us. We can produce more food than we can use, more automobiles than we can drive, more iceboxes than we can fill, more radios and television sets than we can listen to or watch, and so on and on. We have shortened the workweek, given young and old alike an amount of leisure that has not existed and does not exist generally in any other society. What to do with this leisure is a pressing problem. Those who meet the maladjustments of maturity and old age feel that the most frequent personal problems in our society are loneliness and idleness, or not knowing what to do. The hypothesis has been put forth that only the creative person can take security. Of what avail are modern improvements if their effect is unhappiness and loneliness because of freedom from responsibility? Agencies are flooded with demands; there are more centers for the aged in many communities than for the youth. What society will do when the \$100-a-month pensioners at age 60 appear on the scene by the millions, I do not know. The idle rich used to flood the mental clinics; the idle poor may flood them in the future.

5. A fifth and final danger grows out of the gradual imposition of controls by the use of devious devices which, on their face, do not seem to involve control. The psychologist realizes that not all controls involve force or direct action. For example, the con-



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trols of a clinging vine may be quite as pervasive and effective as those exercised by a dominating wife. Further, indirect controls, even though they may be more pleasant to take, are as destructive of freedom as the direct and obvious ones.

Both the logical and the practical possibilities of the controls established in a state with the ostensible purpose of ensuring the well-being of all citizens have been quite thoroughly explored by two distinguished novelists. No student can afford to be ignorant of Aldous Huxley's *Brave New World* or George Orwell's *Nineteen Eighty-Four*. For our present purposes they bring into clear relief a central problem for testing the goodness of a state. This test is what is done to the "other" people in the society. In *Brave New World* the other or different people were banished to remote islands to struggle among themselves outside the main current of attitude and action. In *Nineteen Eighty-Four* telescreens early picked up attitudinal and intellectual deviations, which were then permitted to develop a certain distance on their own. When they were about to break into the open, the person was re-educated by a procedure which, to say the least, was rough. One of our traditions has been that of providing a haven for "other" persons. We even collect them to make up university faculties. Carl Becker once described a university as a collection of "other" minds, and the president of Harvard in an annual report pointed out that a university could become ineffective because it had too many "good" people and not enough "other" people. The creativity which keeps a system adaptable over a long time comes from "other" people. How is the "uncommon" person to be treated in the welfare state?

There is no question but that the substantive and procedural improvements mentioned by Mr. Christensen as the results of centralization and federalization result in more effective performance. However, central administrators and dispensers of funds are not only persons who enforce laws to improve performance; they are also persons whose incidental statements and gestures function as "whims of iron" (the phrase used by Don Marquis to describe his wife). At what point do we shift from versatility, variability, and experimentation to effectiveness, precise organization, and completed structures? Our answer in the past has been

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quite clear—forty-eight state universities are better for research and instruction than one national university with many branches. However, the discovery of the atomic bomb has set off a major controversy over the centralization and control of research.

The United States has had forty-eight centers instead of one for social and political evolution. Are security and productivity more important than creativity? Are the jurisdictional separations and the horizontal and vertical rigidities which result from centralization and size more significant for the future than breadth of attack and freedom for development?

This brings us to the future. Can we create a stimulating environment in which individuals will be free to use their resources and potentialities? Many who face this problem cite the fall of Rome and of other societies as indicating that each society must decline in due course and that the trend of history is from young and energetic democratic societies to old, secure, and authoritarian societies. The movement is also clearly from a decentralized, poorly organized, plastic, and somewhat ineffective organization to a highly centralized, structured, and efficient organization. The break comes when the centralized organization, by becoming too rigid, is ill-adapted to the dynamic constituents within it and around it.

But I think there is hope in two directions. First, our modern society has developed empirical and experimental scientific techniques for evaluating and studying social development and human relations. These are essentially new and far removed from the armchair methods of the past. By further refinement, we should be able to become sensitive to changes and to rigidities and to become more wise and apt in the development of practical procedures, more skillful in keeping alive that creativity and flexibility within the system that is so essential over time for keeping a functioning system adaptable and adapting.

My second remedy is more and better education at all age and ability levels in our population. This seems trite but it is not so in my thinking. In practical welfare work and in education alike, two basic theories conflict. It is comparatively easy to approach children and adults with the assumption that particular practices or materials are good for them and should be imposed whether

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they are ready or not—whether they like it or not. It is much more difficult to establish an environment that is rich in facilities and then permit the person the freedom to develop his own good methods of living. In the first instance, the approach is authoritarian; in the second, democratic. The first is necessary sometimes in remedial work and in emergencies; the second is, however, preventive, permanent, and stable. Through its history the United States has assumed that its citizens are self-reliant persons who can be entrusted with the responsibility for major decisions. The image of the self-educated man bulks large in our history.

A basic assumption of teaching is that we act in the present in such a way that the person taught will, in time, be able to do for himself. The question here raised is fundamental: Is the state's contribution to the person a direct meeting of his needs and wants, or is the state's contribution that of training him in such a way that he can later meet his own wants and do for himself—recognizing full well that there are levels of need where remedies, not facilities, are necessary? Is the welfare state merely a device for distributing the loot of our civilization more widely, or is it actually a device for promoting the development of citizens and the enlargement of their personal life spaces?

It is clear that I believe in a welfare society but not in a welfare state. There is a world of difference in the two concepts since the first implies a social organization in which individuals participate and accept responsibility, while the second assumes that the state is primarily responsible for the citizen. While I cannot at present outline a participation theory of society in detail, its essential characteristics are fairly clear. It is a society in which opportunities are given to citizens, both to serve and to grow and develop in terms of their potentialities. It assumes high productivity in order to make goods and products available for wide distribution. It assumes equality of opportunity, but does not assume absolute equality of return. It grades return in some relation to contributions and minimizes injustices. It develops a strong remedial and preventive program in the areas of health and welfare. It meets major inadequacies by appropriate legislation. It is sensitive to its own deficiencies and develops flexible plans. It has room for

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ideas, and for uncommon and "other" men as well as for common men.

But over and above the devices for correcting ills, there is a positive program that seeks to develop the intellectual and personality resources of all. Such a program, in the nature of the case, must have great flexibility and freedom and must be based upon the theory that we do not know what is good for people in an authoritarian sense—that what we do is to afford opportunities for self-fulfillment. Both our images and our actions should be polarized around facilities, encouragement, and freedom to do and to create, rather than around rigid controls, premature structuring, and tight barriers. I have great confidence in the ability of people to solve problems if we can move the blocks that hamper them and free their creative energies for living.